

Message Text

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TAGS: MCAP, UK, NATO

SUBJECT: UK DEFENSE EXPENDITURES

REF: A. USNATO 6168

B. USNATO 6201 (NOTAL)

FULL TEXT OF UK REP'S DECEMBER 19 STATEMENT TO DPC CONCERNING
IMPACT OF PUBLIC EXPENDITURE ECONOMIES ON DEFENSE SPENDING
IS QUOTED BELOW. (NOTE: EXTIMATED DEFENSE BUDGETS WOULD BE
HIGHER IF BASED ON NATO DEFINITION OF DEFENSE SPENDING.)
BEGIN TEXT.

1. I SHOULD LIKE, MR CHAIRMAN, TO MAKE A SHORT STATEMENT ABOUT
PUBLIC EXPENDITURE PROGRAMMES IN THE UNITED KINGDOM. AS MY
COLLEAGUES KNOW, IT IS OUR PRACTICE, ABOUT THIS TIME OF YEAR,
TO PUBLISH A PUBLIC EXPENDITURE WHITE PAPER WHICH SETS OUT, AT
CONSTANT PRICES, THE AMOUNTS OF MONEY WHICH THE GOVERNMENT PLANS
TO SPEND ON MAJOR PUBLIC PROGRAMMES IN EACH OF THE
NEXT FOUR YEARS. THE 1973 WHITE PAPER WAS PUBLISHED ON MONDAY
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AND INCLUDED THE FOLLOWING FIGURES FOR THE UK DEFENSE BUDGET,
ALL AT 1973 PRICE LEVELS:-

1973/74 1974/75 1975/76 1976/77 1977/78

L- MILLION 3428 3435 3468(1) 3477(1) 3517(2)

2. HOWEVER, THIS WHITE PAPER WAS PREPARED BEFORE THE GOVERNMENT HAD TO DECIDE ON MEASURES TO MEET THE CURRENT ECONOMIC SITUATION IN THE UNITED KINGDOM CREATED BY THE ENERGY SHORTAGE. IT WAS THEREFORE NECESSARY FOR MY GOVERNMENT ALSO TO ANNOUNCE ON MONDAY A SERIES OF MEASURES TO REDUCE DEMAND IN THE PUBLIC SECTOR BY

(1) UNLIKE EARLIER YEARS, THE FIGURES FOR THESE 2 YEARS DO NOT TAKE INTO ACCOUNT ADDITIONAL PROVISION FOR THE EXTRA COST OF SERVICE MANPOWER, THE EXTRA COSTS OF PEACE-KEEPING OPERATIONS IN NORTHERN IRELAND AND INCREASES IN THE DEFENCE BUDGET ARISING FROM A CHANGE IN ACCOUNTING ARRANGEMENTS FOR THE PURCHASE OF EQUIPMENT. ADJUSTMENTS ON ACCOUNT OF THESE ITEMS WILL BE MADE AS NECESSARY IN FUTURE WHITE PAPERS.

(2) THIS FIGURE IS PROVISIONAL ONLY AT THIS STAGE.

L1,200 MILLION IN 1974/75 AFFECTING A NUMBER OF PROGRAMMES INCLUDING EDUCATION, ROADS AND DEFENCE. AS REGARDS DEFENCE, THE POSITION IS THAT OF THE TOTAL REDUCTION OF L1,200 MILLION, L-178 MILLION RELATES TO THE DEFENCE BUDGET. THE EFFECT OF THIS IS THAT THE UK DEFENCE BUDGET FOR NEXT YEAR WILL NOW BE OF THE ORDER OF L3260 M AND NOT THE FIGURE IN THE WHITE PAPER AS PUBLISHED.

3. THE REDUCTION OF L178 MILLION IS MADE UP AS FOLLOWS. SOME L16 MILLION WILL BE FOUND BY REDUCING EXPENDITURE ON CAPITAL WORKS SERVICES AT HOME AND ABROAD. THE BALANCE - L-162 MILLION - WILL BE FOUND BY REDUCTIONS IN PLANNED EXPENDITURE FOR THE PROCUREMENT OF EQUIPMENT, STORES AND SUPPLIES. THESE REDUCTIONS WILL BE ACHIEVED BY THE DEFERMENT AND SLOWING DOWN OF PROCUREMENT ALREADY IN HAND. SOME NEW ORDERS MAY HAVE TO BE POSTPONED AND SOME CONTRACTS MAY HAVE TO BE CANCELLED. PLANNED EXPENDITURE ON MANPOWER IS NOT AFFECTED AND OUR FORCE CONTRIBUTIONS TO NATO WILL NOT BE REDUCED, ALTHOUGH,
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ARISING FROM THE ACTION IN THE PROCUREMENT FIELD, SOME IMPROVEMENTS IN EQUIPMENT MAY BE DELAYED.

4. MY AUTHORITIES ARE NOW ENGAGED IN A DETAILED EXAMINATION OF THE CONSEQUENCE OF THIS REDUCTION IN THE PLANNED ELVE OF THE DEFENCE BUDGET, AND UNTIL THIS HAS BEEN COMPLETED, I AM AFRAID NO FURTHER DETAILS ARE AVAILABLE. WE WILL OF COURSE KEEP NATO INFORMED OF ANY CONSEQUENCES WHICH ARE LIKELY TO HAVE

A MAJOR EFFECT ON OUR CONTRIBUTION TO THE ALLIANCE.
END TEXT.
RUMSFELD

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